

**May 16, 2017**

**Subject: 2015-2016 Final *Summary of Finances***

**TO THE ADMINISTRATOR ADDRESSED:**

A Final *Summary of Finances* (SOF) report for the 2015–2016 school year is available at the Texas Education Agency (TEA) [School District State Aid Reports](#) web page. The reports reflect the following important updates and information available at the time of publication (items with an asterisk [\*] do not apply to charter schools):

**Average Daily Attendance (ADA) and Full-time Equivalents (FTEs):**

The SOF reflects the final student attendance data submitted by districts through the Public Education Information Management System (PEIMS) in July for the 2015–2016 school year. Any changes to ADA and FTE student count data submitted and processed since the "near final" SOF are reflected on this update. This SOF reflects, if applicable, special education FTEs generated by last summer's Extended Year Services (EYS) program and Optional Flexible School Day Program (OFSDP) Credit Recovery ADA reported in PEIMS submission 4. The SOF also reflects Public Education Grant (PEG) ADA and nonpublic residential contract FTEs. Line 7 of the SOF shows the near-final calculation of students in weighted average daily attendance (WADA).

Although Texas Education Code (TEC), §42.005(b), provides for assistance for districts with declining enrollment, the 2015 General Appropriations Act did not provide an appropriation for this purpose. Therefore, no adjustments for declining enrollment were made for the 2015–2016 school year.

**Property Value Decline:**

Although TEC, §42.2521, provides for adjustments for a rapid decline in taxable value of property, the 2015 General Appropriations Act did not provide an appropriation for this purpose. Therefore, no adjustments for declining property value were made for the 2015–2016 school year.

**Total Tax Collections:**

**School Districts:** The SOF uses audited tax collections as reported by your district's independent auditor in Schedule J-1 of your district's annual financial and compliance report (AFR) for the 2016 fiscal year. If your district received an Instructional Facilities Allotment (IFA) for a lease-purchase agreement, your district's local share of the IFA has been subtracted from the maintenance and operations (M&O) tax collection amount before the calculation of state aid. If your district participates in a tax increment reinvestment zone (TIRZ), your district's reported payments of M&O tax collections to the TIRZ have been subtracted from your district's M&O tax collections as well.

**Charter Schools:** The M&O tax collections reported by school districts through the Schedule J-1 of the school districts AFR have been used to determine the statewide average variables for charter schools.

**\*Adjustment to the Compressed Tax Rate for Certain School Districts:**

Eligible districts who requested this adjustment will have any tax effort currently allocated to the second level of Tier II, equalized at \$31.95 per penny of tax effort per student in weighted average daily attendance (WADA), applied to the district's compressed tax rate in Tier I up to a maximum of

\$1.00. District's basic allotments will be calculated using the new higher compressed tax rate. For school districts subject to the recapture provisions of Chapter 41, some tax effort currently recaptured based on an equalized wealth level (EWL) of \$319,500 of property wealth per WADA will be shifted into the first level of recapture, based on an EWL of \$514,000 of property wealth per WADA. Tax rate conversion will not impact the level of tax effort that is allocated to the first six pennies beyond the CTR, sometimes referred to as the golden penny tier.

**Per Capita Rate:**

A rate of \$180.320 multiplied by the prior-year ADA is used to calculate the [per capita](#) allotment.

**Transportation Allotment:**

Your district's 2015–2016 transportation allotment is based on the data submitted on the 2015–2016 Route Services Report. If your district did not submit this report, the transportation allotment has been removed from the *SOF*.

**High School Allotment:**

Your school district's or charter school's high school allotment is calculated by multiplying its high school (grades 9–12) ADA by \$275.

**Staff Salary Allotment:**

Your district's staff salary allotment is calculated by multiplying the district's number of eligible staff by \$500 or \$250, depending on their full-time or part-time status. The allotment was updated with 2015–2016 monthly counts submitted via the web-based Foundation School Program (FSP) System staff salary subsystem. If your district did not submit this report, the staff salary allotment has been removed from the *SOF*.

**New Instructional Facilities Allotment (NIFA):**

[NIFA](#) provides an allotment of \$250 per student in ADA to eligible school districts and charter schools to pay for operational expenses associated with opening new instructional facilities. These allotments are included in the *SOF* for districts with approved applications. Your district's 2015–2016 NIFA allotment is based on the ADA reported in the days of instruction survey. If your district did not submit the additional documentation required, the NIFA allotment has been removed from the *SOF*.

**State Aid Reduction for WADA Sold:**

The *SOF* report reflects reductions in state funding for the attendance credits sold by a partner district to a Chapter 41 district. The adjustments were made by reducing state aid based on the number of credits for students in WADA involved in the partnership arrangement. The number of WADA being sold does not reflect the "final" WADA that the Chapter 41 district must purchase. The number of WADA bought/sold may need to be adjusted depending on the "final" *Cost of Recapture* reports now available online to Chapter 41 districts. Revisions for WADA sold must be completed by May 2017.

**Foundation Settle-up:**

The report entitled *FSP Allocations and Adjustments*, available by clicking the "FSP Allocations and Adjustments Report" link at the end of the *SOF*, shows the amount of your school district's final settle up. If your school district or charter school was **underpaid**, the amount owed to the district or to the school was paid. If your school district or charter school was **overpaid**, recovery of the amount overpaid starts this month and will continue to be made by reducing the district's or school's 2016–2017 monthly payments from the Foundation School Fund (FSF). The rate of recovery will be based on the same percentage that FSF monthly payments are based on in accordance with your district's or school's 2016–2017 payment class. Your school district's or charter school's 2015–2016 FSP payment ledger is also available at <https://tea4avfawcett.tea.texas.gov/Fsp/Reports/ReportSelection.aspx> (select "Payment Ledgers" from the drop-down list).

**State Assistance for Debt service payments for facilities:**

**\*Existing Debt Allotment (EDA):**

A report entitled *EDA State Aid Report*, available by clicking the "EDA Detail Report" link on line 49 of the SOF, reflects the final state and local shares of the [EDA](#) based on final ADA, district property values and updated un-equalized tax collections. If your district refinanced eligible debt during 2015–2016, please verify that the information on the *EDA State Aid Report* and in the FSP System's Bond Programs subsystem has been updated correctly.

**\*Instructional Facilities Allotment (IFA):**

A report entitled *IFA Allotment Detail*, available by clicking the "Details" link on line 50 of the SOF, reflects the near-final state and local shares of the [IFA](#) based on final ADA, district property values and updated un-equalized tax collections. If your district refinanced eligible debt during 2015–2016, an amendment is required and adjustments may be necessary.

**\*Additional State Aid for Homestead Exemption (ASAHE) for facilities:**

A report entitled *Additional State Aid for Homestead Exemption (ASAHE) for Facilities Detail Report* available by clicking the "ASAHE for Facilities Detail Report" link on line 52 of the SOF, reflects the final ASAHE allotment based on final ADA and district property values.

Settle-up amounts for all these programs for 2015–2016 will either be paid or transferred to the corresponding 2016–2017 payment ledger. *If your district does not have a sufficient 2016–2017 ledger balance to net against a negative balance from 2015–2016, the remaining negative balance will be netted from other facilities allotments if applicable. If there is not a sufficient balance on other facilities funding allotments, the district may choose to have the balance transferred to the foundation payment ledger and netted against other state aid or to send a refund to the agency.*

If you have any questions about your district's SOF or your district's state funding, please contact a state funding consultant at (512) 463-9238. Additional contact information appears at the end of this letter.

Sincerely,

Al McKenzie  
Director of State Funding

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